

AG Contract No. KR94-0034TRN  
ECS File No. JPA 94-33  
TPD Contract No. 94-0012  
JPA No. 93-133  
Project No.  
Project: FY 94 Section 18 Transit

**INTERGOVERNMENTAL AGREEMENT**

BETWEEN  
THE STATE OF ARIZONA  
AND  
THE CITY OF SIERRA VISTA

THIS AGREEMENT is entered into 1 February, 1993,  
pursuant to Arizona Revised Statutes, Sections 11-951 through  
11-954, as amended, between the STATE OF ARIZONA, acting by and  
through its DEPARTMENT OF TRANSPORTATION (the "State") and the  
CITY OF SIERRA VISTA, acting by and through its MAYOR and CITY  
COUNCIL (the "City").

I. RECITALS

1. The Section 18 Program, authorized by Section 313 of the  
Surface Transportation Assistance Act of 1978, which amended  
the Urban Mass Transportation Act of 1964, offers Federal  
assistance for public transportation in rural and small urban  
areas by way of a formula grant program to be administered by  
each state.

2. The State desires to participate in the Section 18  
Program. The Governor of Arizona has designated the Arizona  
Department of Transportation to receive and administer Federal  
funds under this program.

3. The City has expressed a desire to obtain financial  
assistance for providing rural public transportation services  
by filing an application for such assistance, and said  
application has been approved by State and the Federal  
Government. The conditions and assurances of said application  
are included herein by reference.

NO. <u>18386</u>
FILED WITH SECRETARY OF STATE
Date Filed <u>02/01/94</u>
<u>Richard Mahoney</u> Secretary of State
By <u>Vicky V. Greenwood</u>

4. The State, under the authority granted by Arizona Revised Statutes Section 28-108, and the City, under the authority granted by Arizona Revised Statutes Section 40-1152, wish to enter into and execute a contract for the purpose of implementing a Section 18 Project for Federal reimbursement by the State as grant administrator.

NOW THEREFORE, in consideration of the foregoing recitals and certifications and of the covenants and agreements by the parties made to be kept and performed, the parties agree as follows:

## II. SCOPE OF PROJECT

1. The City shall undertake and complete the activities as proposed in the approved application for Section 18 funds. Such activities, hereinafter called Project, shall be accomplished as described in the Project Description, Attachment A hereto, and by this reference made a part hereof.

a. The cost of the Project is estimated to be \$336,540.00 as indicated in Attachment B, Project Budget, and by this reference made a part hereof. The federal share of Project costs is limited to \$200,867.00. The Department of Transportation and the State of Arizona assume no financial obligation or liability hereunder.

b. The method of payment shall be reimbursement of eligible costs incurred, up to the limits described herein. In accordance with the payment and reporting schedules prescribed by this Agreement, the City shall submit reports and Project billings to State for reimbursement of non-operating and operating expenses. Approved capital expenses may be billed for reimbursement as incurred. Claims for payment will be processed by State upon receipt and approval of appropriate reports, documentation and invoices. All reimbursements are conditioned upon receipt by State of federal funds designated for said purpose(s). In no event shall the total amount reimbursed by State exceed the federal share approved for the Project. The parties expressly recognize that all payments are to be made by State solely from federal funds made available to State for said purpose.

c. Billings for reimbursement of eligible expenses and reports of contract activities shall be submitted monthly on forms provided by State. They shall be signed by the Project Manager. Each billing report period shall be the last day of the report period.

d. Each request for reimbursement must be accompanied by a reimbursement description which will include information to verify the reimbursement request amount. Items to be included will be date of check, check number, vendor paid, description/purpose, check amount and code which will relate to the budget line item. Example C1 would be the Capital budget, item 1, A4 would be the Administration budget, item 4, 06 would be Operating budget, item 6, etc. Reimbursement will not be processed unless all information is provided in correct form. Overruns in line items shall not be reimbursed unless prior approval has been obtained from the State. Administrative and operation expense reporting involving a subcontractor is not required.

e. All items of \$300 or more, excluding payroll, must be accompanied by an invoice before reimbursement can be processed.

f. Each activity report shall include, but not be limited to, data regarding ridership, mileage, operating hours, fare recovery ratio, cost per passenger trip, cost per mile, non capital cost per service hour, passengers per service hour, passengers per mile. State may impose a penalty of a 5% reduction of total federal reimbursement per billing period for all billings or reports submitted more than 30 calendar days after the end of the billing period. The penalty may be deducted by State from the reimbursement for the last billing. An exception will be made for the final billing, which may be submitted up to 60 calendar days after the end of the final billing period, before becoming subject to the late penalty.

g. Eligible costs are those costs attributable to the Project and allowable under the approved Project budget and the provisions of:

- 1) Office of Management and Budget (OMB) Circular A-87, "Cost Principles Applicable to Grants and Contracts with State and Local Government."
- 2) OMB Circular A-102, "Uniform Administrative Requirements for Grants-in-Aid to State and Local Governments."
- 3) OMB Circular A-102, Attachment O, "Standards Governing State and Local Grantee Procurement."

- 4) OMB Circular A-128, "Audit Requirements."

h. No costs incurred by the City prior to October 1, 1993 or subsequent to the termination date will be eligible for reimbursement as Project costs, unless prior written approval from State is granted. All costs charged to the Project shall be supported by properly executed payrolls, time records, invoices, vouchers, warrants, and any other support evidencing that those costs were specifically incurred in the performance of the Project. All documentation of Project costs shall be clearly identified and readily accessible. Within 60 calendar days after completion of the Project period, the City must submit a final invoice, narrative and financial operating statement showing the total expenses and revenue of the Project. Anti-Drug compliance costs shall not be incurred by Projects until authorized by State in writing.

i. The Federal share payable for Project Budget expenses shall be subject to the following limits:

1) For capital expenses, shall not exceed 80% of the net cost.

2) For administrative expenses, shall not exceed 50% of the net cost.

3) For operating expenses, shall not exceed 50% of the net operating costs or deficit.

4) For anti-drug compliance costs, shall not exceed 80% of the net cost.

5) For training costs, shall not exceed 100% of the net cost.

j. At least half of the City's share for all expenses must be provided in cash from sources other than Federal funds or from approved in-kind expenses. The remaining half of the City's share may be made up of unrestricted funds from other Federal programs as described in Attachment B, Project Budget.

k. All donation and advertising revenues received in excess of the budgeted local match shall be used to reduce the federal share of the Project budget.

1. Lien on Project Equipment - To the extent of financial assistance provided, State shall hold a first lien on all capital equipment acquired under this Agreement in the amount of the federal share of the equipment cost. State shall also hold a first lien on any computer hardware, software or office equipment provided to the City and paid for by State.

2. Use and Disposal of Project Equipment

a. City shall observe the property management standards as set forth in OMB Circular A-102, Attachment N. The City further agrees that the Project equipment shall be used for the provision of transportation service within the described service area and in the manner described in Attachment A, Project Description. If, at any time, the contract with State for the described service is terminated or Project equipment is not used in this manner, or is withdrawn from transportation service whether by planned withdrawal or casualty loss, the City shall notify State within 72 hours of such event, and shall remit to State a proportional amount of the fair market value, if any, of the property, which shall be determined on the basis of the ratio of federal financial assistance to the actual cost of the equipment. Fair market value shall be deemed to be the value of the property as determined by competent appraisal at the time of such misuse or withdrawal from use, and as approved by State. In the event of loss due to theft, casualty or fire, the damages paid by the insurance carrier or payable from a self-insured reserve account shall be considered fair market value. In no event is salvage value to be considered fair market value. Upon State's receipt and approval of said payment, State's lien shall be released.

b. Records

1) The City shall keep satisfactory records with regard to the use of equipment purchased under this contract and shall submit to State upon request such information as is required in order to assure compliance with this clause. The City shall submit to State during the period of required use of Project equipment, a certification that the equipment is still being used in accordance with the terms of this Agreement.

2) Project vehicles may also be used for non-Project purposes. Therefore, the City agrees to keep accurate vehicle mileage logs to distinguish between Project and non-Project mileage. State will reimburse vehicle related operating expenses in proportion not to exceed the number of actual driven Project miles as a percentage of the total miles.

c. The Project equipment shall at all times be operated in a safe, prudent, lawful manner and within the capacity limitations established by the manufacturer. The City shall maintain the Project equipment in safe and mechanically sound condition and shall keep accurate records of such maintenance. The State shall have the right to conduct periodic inspections of City's records and the Project equipment to verify compliance with this requirement.

d. The City agrees to conduct a persistent and visible promotional program in order to insure that all facets of the service are known by and available to the general public, and in order to increase ridership on all trips. Acceptable promotional devices and strategies include, but are not limited to: distribution of fliers and handbills; posting of signs and posters in public gathering places; radio and television announcements; press releases and articles in local, church, and organization newspapers, bulletins and newsletters; and printed route maps and schedules. The City shall provide State with copies or samples of promotional materials used. The City shall submit to State on an annual basis, a plan describing marketing activities including, but not limited to, the following:

- 1) Expenditures of marketing activities including a breakout of line item expenditures

- 2) Examples of Pre-Test-Post-Test studies used to measure marketing activity effectiveness

- 3) Research focused on new markets (routes), and service development

- 4) Summary of marketing activities aimed at the local business community (promoting employee use of, support for, and business involvement in planning)

- 5) Summary of advertising and promotion campaigns (both present and planned)

- 6) Summary of local public relations activities (present and planned) to generate public support for and use of transit. Examples of press (media) coverage, involvement in community activities, etc.

e. As part of the annual marketing plan, the City is required to conduct formal and/or informal market analysis to determine what improvements can be made to the Project to better serve the general public. Possible analysis techniques include on-board rider surveys, and surveys of the general public via mail and telephone, and questionnaires in the local newspaper and other techniques as set forth in the City's marketing plan.

f. The City shall display, in a manner acceptable to State, a decal or similar sign on the exterior of the Project vehicles indicating that this device is open to the general public.

g. Changes to fares, routes, schedules, and the schedule of activities in Attachment A, Project Description, may be made with prior written approval from State without requiring a written amendment to this Agreement.

h. Changes to budget line items may be made in accordance with the following rules:

1) Changes in and between operating and administration budget line items that are not in excess of 5% of the total Project cost, may be made with State's prior written approval.

2) Administrative funds may be rebudgeted for operating expenses with State's prior written approval. Operating funds shall not be reprogrammed for administrative expenses.

3) No capital line items shall be reprogrammed for operating or administrative expenses.

4) The capital contingency line item shall be used only for cost overruns of capital line items named in the Project budget.

5) No anti-drug compliance cost line items shall be reprogrammed for other expenses.

6) No training funds shall be reprogrammed for other expenses.

i. All other changes mutually agreed upon shall be incorporated by written amendments to this Agreement.

j. The City shall furnish certificates to State showing motor vehicle liability insurance in force for the use of Project equipment for the following minimum amounts:

- 1) Collision and Comprehensive Insurance - (as applicable).
- 2) Personal Injury, Medical, and Uninsured Motorist - \$300,000.
- 3) Public Liability and Property Damage - \$1,000,000.

Insurance Certificates shall name the State as additional insured. If the State holds liens on any Project equipment, insurance certificates shall also name State as loss payee. Insurance policies shall be occurrence form unless otherwise approved in writing by State. Such certificates are to be delivered to State concurrently with execution of this contract.

### 3. Procurement Requirements

a. The City shall make purchases of any equipment, materials or services for the Project in compliance with the following:

- 1) Federal Management Circular A-87.
- 2) OMB Circular A-102, Attachment O.
- 3) UMTA Circular 7010.1, Capital Cost of Contracting.
- 4) Title 49, Code of Federal Regulations, Part 660, "Buy America Requirements."
- 5) Title 49, CFR Part 23, "Participation by Minority Business Enterprise in Department of Transportation Programs", as amended.
- 6) UMTA Circular 4716.1, the UMTA Disadvantaged Business Enterprise Women Business Enterprise requirements for Recipients and Transit Vehicle Manufacturers.
- 7) State "DBE" Program Plan.

8) UMTA Order 4220.1A, "Third-Party Contracting Guidelines," dated 6-8-82.

9) State "Section 18 Required Purchasing Procedures."

b. The City shall submit its bid specifications to State for approval prior to release of the specifications to possible bidders. State shall concur in the bid award prior to any agreement or contract being executed for the purchase of services or capital equipment for the Project exceeding \$5,000.

### III. MISCELLANEOUS PROVISIONS

1. Retention of Records, Audit, and Reimbursement for Audit Exceptions.

a. The City, and any subcontractor, shall retain all books, accounts, reports, files and other records relating to this contract for a period of five years from completion of the contract. Such records shall be subject to audit and inspection at any reasonable time during the term of the contract or within five years after completion thereof, as provided by ARS Section 35-214. City, upon request of the State, shall produce designated contract records at any reasonable time at the State's Office of Audit and Analysis in Phoenix, Arizona.

b. The final audit of this Project will be conducted pursuant to OMB Circular A-128, the "Guidelines for Financial and Compliance Audits of Federally Assisted Programs," and generally accepted auditing standards established by the American Institute of Certified Public Accountants. The City also agrees to provide State with a copy of the final audit report concerning any portion of the contract period, as soon as it is released.

c. The City agrees to reimburse State for any expenditure under this Agreement for which it received payment or reimbursement, as applicable, which is disallowed by an audit exception by the Department of Transportation, the State or federal government.

d. If federal or state audit exceptions are made relating to this contract, the City shall reimburse all costs incurred by the State of Arizona and State associated with defending against the audit exceptions or performing an audit or follow-up audit including but not limited to: audit fees, court costs, attorney fees based upon a reasonable hourly amount for the Assistant Attorney General based upon reasonable charges in the community, travel costs, penalty assessments, and all other costs of whatever nature.

e. Immediately upon notification from State, the City shall reimburse the amount of the audit exception and any related costs directly to the appropriate Federal agency or State as specified by State in the notification. The City shall indemnify the State and hold them, their officers, agents, and employees harmless against any and all liability or damages in regard to audit exceptions.

2. If, during the course of this Agreement, situations arise which prevent its completion within the time allotted, an extension of the contract time may be granted upon execution of a written amendment to that effect.

3. This contract may be terminated by either party upon thirty (30) days written notice. If this contract is so terminated, City will be compensated for work performed up to the effective date of termination.

4. Failure to perform any and all of the terms and conditions of this contract, including the schedule of work, shall be deemed a substantial breach thereof. The State shall give the City written notice thereof. After receipt of such notice, the City shall have five working days in which to respond. In the event the City does not cure such failure to the satisfaction of State, the State may terminate this Contract without further consideration by so notifying the City in writing. In the event of cancellation of this Contract, City shall not be entitled to damages and agrees not to sue State for damages therefor. After notice of cancellation, City agrees to perform the terms and conditions of this contract up to and including the date of cancellation, as though no cancellation had been made.

5. All parties are hereby put on notice that this Contract is subject to cancellation pursuant to Arizona Revised Statutes Section 38-511.

#### 6. Subcontracts

a. The City shall not assign any portion of the work to be performed under this Agreement, or execute any contract, amendment or change order thereto, or obligate itself in any manner with any third party with respect to its rights and responsibilities under this Agreement without the prior written concurrence of State.

b. Should subcontractors be authorized by State, the subcontractors will be subject to all provisions of this Agreement. It will be the City's responsibility to duly inform the subcontractors by means of a contract or other legally binding document stipulating the subcontractors responsibility to comply with this Agreement.

7. The City hereby agrees to indemnify, defend and save harmless the State, any of its departments, divisions, agencies, officers or employees from all sums which the State, any of its departments, divisions, agencies, officers or employees may be obligated to pay by reason of any liability imposed upon any of the above for damages arising out of the performance of the Project or this Agreement, or caused by any error, negligence, omission or act of the City or any person employed by him, or others for whose acts the City is legally liable. In the event of any legal action, the above sums shall include, but not be limited to court costs, expenses of litigation and reasonable attorney's fees.

8. It is not the intent of this Agreement to place the State in the role of guarantor for protections in instances where a legally and financially responsible City defaults on its obligations. The State enters into this Agreement to absolve itself of financial liability for the terms and conditions of the Section 13(c) Special Warranty, included herein by reference, assigning liability to the City through this Agreement between the State and City. The City agrees to assume said liability and agrees that the terms and conditions of the Section 13(c) Special Warranty shall apply for the protection of the transportation related employees of any employer providing transportation services assisted by the Project, and transportation related employees of any other surface public transportation providers in the transportation service area of the Project. An appeal under Section 13(c) shall not void or suspend the terms of this Agreement.

9. No member of the Arizona Legislature nor any member of or delegate to Congress or Resident Commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom. The provisions of this clause shall be extended to all public employees, officers, or tribal council members.

10. The City shall comply with all federal, state and local laws, ordinances, rules and regulations applicable to the performance of this contract and the work hereunder.

11. The City shall comply with all applicable requirements of the following regulations relative to nondiscrimination:

- a. Title VI of the 1964 Civil Rights Act.
- b. Executive Order 83-5 issued by Governor Babbitt.
- c. 49 CFR Part 23, "Participation by Minority Business Enterprises in Department of Transportation Programs."
- d. 49 CFR Part 23, 45 CFR 45281 (7/3/80), "Guidance for Implementing DOT Rules Creating a Minority Business Enterprises Program in DOT Financial Assistance Programs."
- e. 9 CFR Part 23, 48 CFR 141 (7/21/83), "Participation by Minority Business Enterprises in Department of Transportation Programs."
- f. 49 CFR 27, Parts 37 and 38 Transportation for Individuals with Disabilities; Final Rule.
- g. 49 CFR 21, "Nondiscrimination in Federally-Assisted Programs of the Department of Labor Regulations (41 CFR Part 60).

12. The City agrees to comply with State's "Program Plan for Participation of Disadvantaged Business Enterprises" (also referred to as the "DBE Program"). The City shall submit annual DBE reports, in a format prescribed by State.

13. Other Regulations

- a. The City shall address the needs of the elderly and handicapped persons, pursuant to Section 504 of the Rehabilitation Act of 1973 (20 USC 794).
- b. The City shall comply, as applicable, with the labor protection provisions of Section 13(c) of the Urban Mass Transportation Act of 1964, as amended.
- c. The City shall comply, as applicable, with the Guidelines relative to charter bus and school bus operations.
- d. The City shall comply with such anti-drug regulations as may be enacted by state or federal agencies.

14. All federal and state regulations, laws and documents referenced in this Agreement are to be considered contractually as though written herein.

15. This contract and all work hereunder shall be subject to the laws, rules, regulations and decrees of the State of Arizona. In the event of litigation between the City and State, litigation shall be commenced and prosecuted in the appropriate court of competent jurisdiction within the State of Arizona.

16. The parties agree to use arbitration, after exhausting applicable administrative reviews, to resolve disputes arising out of this Agreement where the sole relief sought is monetary damages in an amount under the jurisdictional limits set forth in Arizona Revised Statutes Section 12-133.

17. The City and the State recognize that in actual economic practice overcharges resulting from antitrust violations are in fact borne by the purchaser or ultimate user; in this case, the State. Therefore, City hereby assigns to State any and all claims for such overcharges.

18. All notices or demands upon either party hereto by the other pursuant to this Agreement shall be in writing and shall be delivered in person or sent by mail addressed as follows:

Arizona Department of Transportation  
Joint Project Administration  
205 South 17th Avenue, Mail Drop 616E  
Phoenix, Arizona 85007

City of Sierra Vista  
City Manager  
2400 E. Tacoma Street  
Sierra Vista, Arizona 85635

19. This agreement shall become effective upon filing with the Secretary of State and shall end on September 30, 1994, unless earlier terminated as provided herein.

20. Attached hereto and incorporated herein is the written determination of each party's legal counsel that the parties are authorized under the laws of this State to enter into this agreement and that the agreement is in proper form.

IN WITNESS WHEREOF, the parties have executed this agreement  
the day and year first above written.

**CITY OF SIERRA VISTA**

**STATE OF ARIZONA**

Department of Transportation

By Richard S. Archer  
RICHARD ARCHER  
Mayor

By Harry A. Reed  
HARRY A. REED, Director  
Transportation Planning  
Division

ATTEST

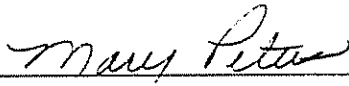
By Sandra L. Kenny  
SANDRA L. KENNY  
City Clerk

210  
21sep

RESOLUTION

BE IT RESOLVED on this 17th day of September 1993, that I, the undersigned LARRY S. BONINE, as Director of the Arizona Department of Transportation, have determined that it is in the best interests of the State of Arizona that the Department of Transportation, acting by and through the Transportation Planning Division, to enter into an agreement with the City of Sierra Vista for the purpose of defining responsibilities for the transfer of Section 18 transit grant funds.

Therefore, authorization is hereby granted to draft said agreement which, upon completion, shall be submitted for approval and execution by the Director, Transportation Planning Division.

  
\_\_\_\_\_  
for LARRY S. BONINE  
Director

RESOLUTION 3122

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SIERRA VISTA, COCHISE COUNTY, ARIZONA; REAFFIRMING SETTLED POLICY; AUTHORIZING THE MAYOR TO SIGN AN INTER-GOVERNMENTAL AGREEMENT WITH THE ARIZONA DEPARTMENT OF TRANSPORTATION FOR GRANT FUNDING TO OPERATE A PUBLIC TRANSPORTATION SYSTEM; AND AUTHORIZING AND DIRECTING THE CITY MANAGER, CITY CLERK, CITY ATTORNEY OR THEIR DULY AUTHORIZED OFFICERS AND AGENTS TO TAKE ALL STEPS NECESSARY TO CARRY OUT THE PURPOSES AND INTENT OF THIS RESOLUTION; AND DECLARING AN EMERGENCY.

WHEREAS, The City of Sierra Vista is authorized to enter into intergovernmental agreements with other agencies pursuant to ARS §48-572; and

WHEREAS, the City of Sierra Vista has made application and has been allocated operating and capital funding up to \$200,867 from the Arizona Department of Transportation to start a public transportation system; and

WHEREAS, the City of Sierra Vista is able to meet the terms of the agreement; and

WHEREAS, the City of Sierra Vista desires to provide public transportation services to its citizens.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF SIERRA VISTA, ARIZONA, AS FOLLOWS:

SECTION 1

That the policy of cooperating with other government agencies, most recently affirmed by Resolution 3087, be, and hereby is, reaffirmed.

SECTION 2


That an intergovernmental agreement between the Arizona Department of Transportation and the City of Sierra Vista for the purposes of operating a public transportation system, attached as Exhibit A, be, and hereby is, approved.

JPA 93-133

APPROVAL OF THE SIERRA VISTA CITY ATTORNEY

I have reviewed the above referenced proposed intergovernmental agreement between the DEPARTMENT OF TRANSPORTATION, HIGHWAYS DIVISION and the CITY OF SIERRA VISTA and declare this agreement to be in proper form and within the powers and authority granted to the City under the laws of the State of Arizona.

Dated this 20TH day of DECEMBER, 1993.



STUART L. FAUVER  
City Attorney